

## Independent Accountant's Verification and Performance Examination Report

Morgan Dempsey Capital Management, LLC:

We have examined whether (1) Morgan Dempsey Capital Management, LLC (the "Firm") has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS® standards) on a firm-wide basis for the periods from June 30, 2000, to December 31, 2014, and (2) the Firm's policies and procedures are designed to calculate and present performance results in compliance with the GIPS standards as of December 31, 2014. We have also examined the accompanying performance presentation and Annual Disclosure Presentation of the Firm's **Small/Micro-Cap Value Institutional Composite** for the periods from January 1, 2004, to December 31, 2014. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Annual Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

### Scope of Work

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Firm's compliance with the previously mentioned requirements; evaluating the design of the Firm's policies and procedures previously referred to; examining, on a test basis, evidence supporting the accompanying composite compliant presentation; and performing the procedures for a verification and performance examination required by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

### Opinion

In our opinion, in all material respects,

- the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from June 30, 2000, to December 31, 2014; and
- the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards as of December 31, 2014.

Also, in our opinion, in all material respects, the Firm has

- constructed the **Small/Micro-Cap Value Institutional Composite** and calculated the **Small/Micro-Cap Value Institutional Composite** performance for the periods from January 1, 2004, to December 31, 2014, in compliance with the GIPS standards; and
- prepared and presented the Annual Disclosure Presentation of the Firm's **Small/Micro-Cap Value Institutional Composite** for the periods from January 1, 2004, to December 31, 2014, in compliance with the GIPS standards.

This report does not contain an opinion on the accuracy of any composite presentation of the Firm other than the Annual Disclosure Presentation of the Firm's **Small/Micro-Cap Value Institutional Composite** for the periods from January 1, 2004, to December 31, 2014.

  
Ashland Partners & Company LLP  
December 7, 2015

**MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC**  
**SMALL/MICRO-CAP VALUE INSTITUTIONAL COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION**

*Asset-Weighted Performance Gross and Net of Management Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2014	Gross	2.41%	1.65%	(9.97%)	2.03%	(4.38%)
	Net	2.14%	1.37%	(10.22%)	1.76%	(5.41%)
2013	Gross	10.44%	3.82%	10.92%	8.72%	38.28%
	Net	10.16%	3.55%	10.63%	8.42%	36.83%
2012	Gross	7.64%	(4.02%)	4.53%	3.96%	12.26%
	Net	7.35%	(4.28%)	4.24%	3.69%	11.07%
2011	Gross	11.16%	(3.08%)	(16.40%)	14.23%	2.87%
	Net	10.86%	(3.35%)	(16.65%)	13.93%	1.75%
2010	Gross	6.53%	(5.86%)	10.48%	14.49%	26.86%
	Net	6.29%	(6.09%)	10.23%	14.22%	25.66%
2009	Gross	(10.20%)	15.11%	13.36%	4.08%	21.96%
	Net	(10.42%)	14.84%	13.10%	3.84%	20.83%
2008	Gross	(3.31%)	4.06%	(0.55%)	(12.80%)	(12.75%)
	Net	(3.54%)	3.81%	(0.80%)	(13.03%)	(13.62%)
2007	Gross	8.30%	11.40%	(0.56%)	(6.85%)	11.74%
	Net	8.05%	11.13%	(0.81%)	(7.08%)	10.67%
2006	Gross	13.93%	(6.71%)	2.50%	9.91%	19.74%
	Net	13.66%	(6.94%)	2.26%	9.66%	18.61%
2005	Gross	1.44%	5.43%	8.63%	0.36%	16.60%
	Net	1.20%	5.18%	8.37%	0.12%	15.50%
2004	Gross	7.48%	3.11%	0.47%	10.98%	23.57%
	Net	7.23%	2.86%	0.23%	10.72%	22.40%

Past performance is not indicative of future results. The Independent Accountant's Verification and Performance Examination Report and the Annual Disclosure Presentation are an integral part of this presentation.

# Morgan Dempsey Capital Management Investment Performance Disclosure

## SMALL/MICRO CAP VALUE INSTITUTIONAL COMPOSITE - ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets (USD) (millions)	Number of Accts	% of Non-Fee-Paying	Annual Performance Results Composite		Russell 2000 Value Index	Composite Dispersion	Composite 3-Yr St. Dev	Russell 2000 Value Index 3-Yr St. Dev
					Gross	Net				
2014	397	246	46	0%	-4.38%	-5.41%	4.22%	0.20%	12.90%	13.00%
2013	340	220	38	0%	38.28%	36.83%	34.50%	0.27%	14.60%	16.00%
2012	244	164	35	0%	12.26%	11.07%	18.05%	0.68%	17.50%	20.20%
2011	186	126	26	0%	2.87%	1.75%	-5.50%	0.36%	21.50%	26.40%
2010	213	49	10	0%	26.86%	25.66%	24.51%	0.49%		
2009	173	5	8	0%	21.96%	20.83%	20.58%	0.33%		
2008	141	3	5	0%	-12.75%	-13.62%	-28.92%	N.A.		
2007	188	4	5	0%	11.74%	10.67%	-9.78%	N.A.		
2006	190	3	4	0%	19.74%	18.61%	23.48%	N.A.		
2005	69	3	4	0%	16.60%	15.50%	4.71%	N.A.		
2004	73	2	4	0%	23.57%	22.40%	22.25%	N.A.		
2003	137	0.4	1	100%	32.98%	31.73%	46.03%	N.A.		

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year, or an incomplete calendar year

Morgan Dempsey Capital Management, LLC (MDCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Morgan Dempsey Capital Management, LLC has been independently verified for the periods June 30, 2000 through June 30, 2014.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small Micro Cap Value Institutional composite has been examined for the periods January 1, 2004 through June 30, 2014. The verification and performance examination reports are available upon request.

Small/Micro-Cap Value Institutional Composite was created June 30, 2010 and contains fully discretionary Small/Micro-Capitalization Value, US domiciled, long only equity, commission based accounts and for comparison purposes is measured against the Russell 2000 Value Index. The minimum account size for this composite is \$100,000. The firm maintains a complete list and description of composites, which is available upon request. Morgan Dempsey Capital Management, LLC is an independent investment management and advisory firm registered under the Investment Advisers Act of 1940. MDCM was established in 1994. The assets reflected in this investment performance begin with the 3rd Quarter 2002. The number of portfolios in the composite is as of year end.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Results for Q4 2002 and Calendar year 2003 were from one account managed and researched exclusively by Brian Rafn at a previous investment advisory firm.

Beginning December 31, 2012, composite policy requires the creation of a temporary portfolio for a client initiated significant cash inflow or outflow of at least 25% of portfolio assets. The creation of such a temporary account occurs on the date in which the significant cash flow occurs and the temporary account is combined with the corresponding composite account at the month end after the cash flow is fully invested. Additional information regarding the treatment of significant cash flows is available upon request. Composite returns represent investors domiciled primarily in the United States. Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using MDCM's maximum Small/Micro-Cap Value annual management fee of 1.1%, equally applied on a monthly basis. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the Small/Micro Cap Value composite are as follows: first 25 million +1.1%, next 25 million = 1.0%, next 30 million = 0.95 bp, above 80 million = 0.85. Actual investment advisory fees incurred by clients may vary. Small and Micro-Cap stocks may be subject to a higher degree of risk than more established company securities. Small and Micro-Cap stocks may be less liquid which can potentially increase trading costs. The composition and market volatility of the Russell 2000 Value, Russell 2000 and Russell Micro-cap Value, which are unmanaged market value-weighted indices, and the composition and volatility of the portfolios managed by MDCM are materially different.

Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.



The information herein is for informational use only. Under no circumstances does this information represent a recommendation to buy or sell securities. Information contained herein should not be construed as a solicitation or offer of any services in a jurisdiction where Morgan Dempsey Capital Management, LLC is not registered to do business or does not qualify for an exemption or exclusion from registration requirements.

**VERIFIED**

There can be no assurance that MDCM's future recommendations and account performance results will be favorable, or that losses will not occur in any client's account. The information contained herein is not a guarantee, or warranty by Morgan Dempsey Capital Management, LLC, nor its employees for any loss you may incur as result of the given information.

Unless otherwise noted, performance results discussed in company communications and advertisements are net of fees and taken from our performance composite for the time period specified. Further detailed disclosure information is contained in our Form ADV Part 2A which is available upon request.

Factors such as the size and performance of specific securities positions in accounts, the length of time certain positions are held, the timing of purchases and sales during the reporting period, client objectives, cyclical securities price trends, favorable and unfavorable news pertaining to securities, market trends and other factors all influence performance results materially. For these reasons, actual client account performance for any style would only match MDCM's total performance by coincidence. Upon request MDCM will provide a complete list of all recommendations made within the past year.

The data used for this report was obtained from sources deemed reliable and then organized by the staff at MDCM. Performance calculations were prepared using standard industry software and were not audited by any third party. Some information provided on MDCM's website or in company communications reflects opinions, and as such are not facts. These opinions are subject to change with changes in economic conditions and new information. Therefore, this information should not be used as a basis for an investment decision.

Any question regarding this information should be brought to the attention of Morgan Dempsey Capital Management, LLC